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SUBJECT: CONCERTACION FREI(ING) AT THE EDGES: IS THE EX-PRESIDENT THE ANSWER TO COALITION WOES? OR CAN LAGOS OR INSULZA STEM THE UNRAVELING?

REF: SANTIAGO 964 AND PREVIOUS

Classified By: E/Pol Counselor Juan A. Alsace, for reasons 1.4 (b) and (d).

Summary

¶11. (C) Although Chile's presidential elections are still more than a year away, the last month has seen intense jockeying for position by the three main governing coalition Concertacion candidates seeking to succeed Michelle Bachelet.

Former president Eduardo Frei may have the inside track, as he has the support of the coalition's largest single party, the Christian Democrats, and would be best positioned to capture voters who might otherwise be attracted to the likely candidate of the center-right, Sebastian Pinera, who currently leads in all polls. The road to the Concertacion nomination is trickier for the other two leading coalition contenders, another former president, Ricardo Lagos, and OAS SecGen Jose Miguel Insulza. Lagos is supported by both the Party for Democracy, which he helped found as an offshoot of the Socialist Party, and a substantial element of the Socialists. A strong wing of the Socialists - the more leftist segment - supports Insulza, however.

¶12. (C) The scenario for Concertacion is muddied further by demands from both Lagos and Insulza that certain conditions be met before they will deign to run (such as veto power over parliamentary candidates (Lagos) or agreement beforehand on a unitary candidate (Insulza)), as well as the potentially decisive - and divisive - role of dissident, breakaway Concertacionistas from either side of the coalition's political spectrum. Concertacion leaders seem at wit's end as to how to resolve the conflicting demands of the two Socialist divas and in the end may well turn to Frei, the "safe choice" now engaged in outreach throughout the coalition, but who garners only muted enthusiasm, if that, from Chilean voters. For the meantime, the Concertacion seems determined to punt the issue down the road, with a decision on its standard-bearer not expected before April or May 2009.

In the meantime, likely opposition candidate Sebastian Pinera basks in double-digit leads in the polls. End summary.

Widening Cracks in the Monolith

¶13. (SBU) The 2008 nationwide municipal elections concluded last month (reflets) were generally viewed as a split decision between the governing Concertacion center-left coalition and the center-right Alianza opposition.

Conventional wisdom is that the Concertacion, while indeed losing a nationwide vote to the Alianza for the first time since the return to democracy (at the mayoral level), managed to hold on to its advantage in city council seats, suggesting that voters are not yet subject to "Concertacion fatigue," despite the coalition's nearly twenty years in power. Yet a closer look reveals a worrisome scenario for Concertacion, as it now turns its attention to nominating its candidate for the upcoming 2009 presidential and nationwide parliamentary elections.

¶4. (C) First, the coalition seems badly fractured from within, both inter-party and intra-party. Within the PS, there are those backing Lagos and those who favor Insulza. The PPD, tired of its assigned role as the "good nephew" of the PS, always ready to toe the PS line, is making a show of independence. Party leader Pepe Auth has been in a public spitting match with PS president Camilo Escalona over PPD's support for Lagos (Escalona backs Insulza). Escalona was also unhappy with Auth's insistence on running two Concertacion lists in the municipal elections, which some, but not all commentators, give as the reason for the Concertacion's weak showing in the mayoralty races. The fourth party in the coalition, the Radical Social Democrats (PRSD), is also insistent it will run its own candidate in any primary.

¶5. (C) The Concertacion's largest single party, the Christian Democrats, continues in its state of free fall. Formerly Chile's largest party, the thumping it took in the municipals (reflets) led to the resignation of party

president Soledad Alvear and her announcement that she would not run for president of Chile (as she did in 2004). In addition, the DC suffers its own internal divisions between a still significant Alvear loyalist faction and those who back Frei.

¶6. (C) The Concertacion has also been plagued over the past eighteen months by a string of high profile defections, including on the coalition's conservative right wing, the influential if little-loved president of the Senate Adolfo Zaldivar (ex-DC). Zaldivar and several other prominent DCers co-opted a small existing party, the Regional Independents (PRI), and took nearly 7% of the vote in the municipals. Several PPD bigwigs, including Senator Fernando Flores, also left Concertacion to form a group, "Chile Primero" (Chile First), which could not organize itself in time to register as a party for the municipals, but which will be a factor in the center of the political spectrum, come the 2009 presidential campaign. On the far left, the populist Alejandro Navarro (sometimes known as the Senator from Chavez) just announced his resignation from the PS and intention to run for president.

¶6. (SBU) Finally, post-Obama victory in the U.S. euphoria, has many in Chile asking: "Where's our Obama?" The loss of Santiago's emblematic mayoralty is symptomatic; Concertacion put up a past mayor, Jaime Ravinet, whose campaign slogan "We miss him," proved wishful thinking, as Ravinet fell with a thud. While "Concertacion fatigue" may prove unfounded, it appears Chileans are anxious for change.

Into the Breach Steps...Frei?

¶7. (C) With the national mood apparently not favoring incumbents (or retreads), it speaks to the dearth of viable alternatives that the governing coalition would turn for possible salvation to two former presidents and a lifetime politico. Even more surprising is that it is Eduardo Frei, president in 1994-2000, who seems to be emerging as the favorite. While his term in office is generally viewed as having been successful, with its strong emphasis on opening Chilean markets to the world, as well as reforming and rebuilding Chile's educational system, Frei has been usually

viewed as stolid, better suited to his current role as Senator and senior statesman.

¶18. (C) Frei's attraction probably lies in his inoffensiveness to most, building on centrist positioning that makes him a "safe" alternative to the more charismatic Lagos or bombastic Insulza, both of whom fall to the left of the Concertacion spectrum. As Dario Paya, a congressman and former SecGen of the rightist Independent Democratic Union (UDI) told E/Pol Counselor recently, Frei could draw votes away from Sebastian Pinera, of the National Renovation (RN) party, and the UDI's erstwhile Alianza partner, something neither Lagos nor Insulza can do. Further, Frei could neutralize Zaldivar and other disgruntled DC conservative stalwarts who, Paya said, would swallow and vote for Frei rather than Pinera in a national election. Neither Lagos nor Insulza, Paya noted, can realistically appeal to Alianza voters (or conservative DCers), while tending simultaneously to the Concertacion's left wing. Carlos Applegren, a DC insider (and head of the MFA's America's division) told E/Pol Counselor and visiting WHA/BSC deskoff November 18 that he was "certain" Frei would be proclaimed the Concertacion candidate. The leader of the PPD's youth wing told E/Pol Counselor November 19 that while he favors Lagos, he believes Frei will be the choice.

Lagos and Insulza Fading?

¶19. (C) While it is still early to count out either Lagos (president 2000-2006) or Insulza, the jockeying for position between the two - accompanied by conflicting statements by both as to when or whether they will deign to throw their hats into the ring - seems to have diminished both. Lagos initially adopted a royalist, above the fray stance, suggesting he couldn't be expected, as a "former president," to subject himself to a primary, either within the PS or in the larger context of the Concertacion. Instead, he implied an expectation of proclamation. In October, perhaps sensing

that there was no rush to proclaim him, Lagos dropped hints he would not run at all. Sensing a collective shrug to that ploy, Lagos then said in early November that he would submit to a primary, but only if he and Frei were the only choices. Most recently, the former president announced from France that he "of course" would submit to an open primary and never meant anything but, although he did submit a list of conditions, including a demand that as presumptive party leader he be afforded veto rights over parliamentary candidate lists. Lagos also suffers the principle of recency. Chileans - especially those in Santiago - are likely to hold him partially responsible for failings such as Transantiago, the disastrous reform of the capital's mass transit system. Frei's government is far enough in the past to largely escape that sort of censure.

¶10. (C) Insulza has been equally coy, to the mounting frustration of Concertacion party leaders. He has apparently discarded his stated reticence to run in a primary against Lagos, but in a statement last week suggested he would announce (or not) for president before the December 5 PS party convention, but that he first be granted another "five days for reflection." Subsequently, Insulza asked that the convention be postponed until January, adding his own Lagos-like list of conditions, including that Concertacion run behind a single "unified" candidate, and that the PS reach out to its left, allying itself more formally with the small Communist party. Some commentators took Insulza's dilly-dallying as a signal he has read the tea leaves (and polls) and, comfortably settled into his OAS sinecure in Washington, will soon drop out.

Pinera Above the Frei - and All Comers

¶11. (C) As the Concertacion anguishes, Pinera continues in poll after poll to enjoy commanding leads - by more than 20 percentage points - over all three Concertacion heavyweights.

Moreover, the UDI has made public noises recently it will put aside its discomfort with Pinera, rally behind him as the sole Alianza candidate, and drop plans to run its own candidate in the first round of presidential voting, as it did in 2005. In a meeting November 21 with an UDI-linked think tank, E/Pol staff was told UDI's December 12 party meeting would fall just short of a full endorsement of Pinera but that its preference for him would be "evident." A truly unified right, while still falling short of a majority, would come within shouting distance and, with sufficient conservative DC and minor party (PRI and ChilePrimero) votes, could go over the top.

Comment

¶12. (C) With more than a year till actual voting, any early Concertacion handicapping is only that. Frei is no shoo-in over Lagos and, indeed, trails him in the latest preference polls. Lagos is the better campaigner and is more popular with the business community. Much internal Concertacion horse wrangling remains over the next several months over parliamentary candidates and, whatever the process that decides its candidate, Concertacion figures such as Escalona have signaled that the selection will not conclude before April/May 2009. What does seem clear is that, as much as many Chileans would like to see an Obama-like figure come out of nowhere, the 2009 election will line up an old-guard Concertacion candidate against Pinera, a well known figure in his own right. A Frei-Pinera match-up would fiercely contest the middle ground of the Chilean electoral spectrum, perhaps sidelining more radical elements, right and left. Should Lagos or Insulza line up against Pinera, we can expect a more polarized campaign. In either case, 2009 shapes up as a year in which much of Chileans energies will be expended in navel-gazing. End comment.

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